



CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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PATRICK H. WEST
CITY MANAGER

January 20, 2017

Mary D. Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

RE: Public Comment on Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation (Attachment A: *Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation*)

On behalf of the City of Long Beach, I write to comment on the 15-day language issued by the California Air Resources Board (CARB) pertaining to *Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation*. Long Beach strongly supports CARB staff's recommendation to formalize the limited exemption in the 2nd compliance period for waste-to-energy facilities; and understands these facilities will be subject to compliance during the 3rd compliance period, beginning in 2018. The City looks forward to our continued partnership with CARB and other State agencies to continue greenhouse gas emission reductions through a multitude of means, including improved waste disposal options so as to reduce methane impacts associated with landfills.

In partnership with Covanta Energy, Long Beach proposes a long-term solution that would include waste-to-energy facilities in the cap beginning in the 3rd compliance period with a provision for allowances to be granted on the basis of the output-based allocation methodology. This approach provides a more level and equitable playing field in the waste management sector over the long-term, thereby preventing emissions leakage out of the cap to landfills. The City of Long Beach supports the methodology proposed in Covanta Energy's comment letter on this issue.

Since Long Beach, in partnership with the Los Angeles County Sanitation District, began operating the Southeast Resource Recovery Facility (SERRF), our waste-to-energy facility, in 1988, the facility has processed approximately 1,400 tons of municipal solid waste (MSW) per day. Over the course of the past 28 years, 13.2 million tons of MSW has been processed through SERRF, creating 6.2 billion kilowatt-hours of electricity that has been loaded onto the regional grid. This MSW would have otherwise been sent to a landfill. Through the recovery process at SERRF, 5,115 tons of recyclable white goods and 184,000 tons of metal have also been extracted and sent to local recycling facilities as opposed to a landfill. Furthermore, based on CalRecycle assumptions on California landfill performance, facility specific greenhouse gas (GHG) emissions data as reported to the United States Environmental Protection Agency (U.S. EPA), as well as facility specific net electrical generation and the local electrical grid (based on U.S. EPA e-GRID data for the WECC California grid sub-region), the waste-to-energy facility in Long Beach enables the region to avoid approximately 0.6 tons of CO₂e per ton of MSW processed. As a result of

diverting MSW from landfills to SERRF, there has been a reduction of 7.92 million tons of carbon equivalent greenhouse gasses entering the environment.

Long Beach is proud to manage one of California's three waste-to-energy facilities, which provide an alternative to landfilling. The use of waste-to-energy technologies for waste disposal is consistent with the City's commitment to sustainability, recycling, and other environmentally friendly policies. We are pleased to share our facility consistently operates at 20% below pollutant concentration limits in the facility permit, and supplements local waste reduction efforts. While using waste-to-energy technologies in the City, Long Beach residents generate 4.0 pounds/person/day of solid waste, well below the current State target mandate of 7.6 pounds/person/day. The City also offers a Compost Pilot Program, collecting over 1,000 gallons of compost each week from local restaurants. Residents also benefit from a mulch program whereby City tree trimming operations offer mulch to individual families rather than send the materials to a landfill; more than 500 tons of mulch was used locally by Long Beach residents through this program in 2016 alone. These programs are constantly evolving to meet State standards and the needs of our community. Long Beach's waste-to-energy facility is merely one component of a larger waste reduction strategy – but it is an integral component, and the City values its benefits.

Continued operation of the waste-to-energy facility in Long Beach is not guaranteed, especially with significant upcoming changes that will impact the economics of the facility. While Long Beach values the numerous environmental benefits afforded by SERRF, it is imperative to the City that the facility is economically sustainable as well.

Given these reasons, the City of Long Beach supports the following components in CARB's 15-day language pertaining to *Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms*, and looks forward to working with CARB on a path towards allowances.

§ 95802. Definitions.

- (393) "Waste-to-Energy Facility" means a facility located in California that combusts eligible municipal solid waste. The facility must operate in accordance with a current permit issued by the local Air Pollution Control District or Air Quality Management District to generate and distribute electricity over the electric power grid for wholesale or retail customers of the grid located in California.

§ 95831. Account Types.

- (6) Annual Allocation Holding Account. When an entity qualifies for a direct allocation under ~~section 95870~~subarticle 9, the accounts administrator will create an annual allocation holding account for the entity.

(H) Allocation of allowances to waste-to-energy facilities will be transferred on January 1 of the vintage year of the allowances to the entity's compliance account pursuant to section 95852(k).

§ 95851. Phase-in of Compliance Obligation for Covered Entities.

- (d) Operators of eligible Waste-to-Energy Facilities, pursuant to section 95852(k), that meet or exceed the annual threshold in section 95812(d), will have a compliance obligation beginning in 2016~~8~~.

§ 95852. Emission Categories Used to Calculate Compliance Obligations.

- (k) Limited Exemption of Emissions for Waste-to-Energy Facilities. Emissions reported and verified in the first and second compliance periods and in data year 2015 for the direct combustion of municipal solid waste in a waste-to-energy facility that had started operations before 2009 and that meets the requirements of this section do not have a compliance obligation and shall not count toward the inclusion threshold of section 95812(d)(3). **The Executive Officer will place the number of true-up allowances equal to the facility's reported, verified, and covered emissions from municipal solid waste for the 2016 and 2017 data years into their compliance account. These allowances will be used to meet the facility's 2016 and 2017 compliance obligations. The 2018 vintage true-up allowances will be deposited by October 24, 2017 for the 2016 data year's reported and verified emissions. The 2019 vintage true-up allowances will be deposited by October 24, 2018 for the 2017 year's reported and verified emissions. The Executive Officer will retire the allowances placed into the account according to the surrender dates in section 95856.** The exempted waste-to-energy facility must meet the following criteria:

- (1) Operators of Waste-to-Energy Facilities must register in the tracking system pursuant to section 95830;

Should you have any questions, please contact Diana Tang, Manager of Government Affairs, at 562-570-6506 or Diana.Tang@longbeach.gov.

Sincerely,



Patrick H. West
CITY MANAGER

cc: California Air Resource Board Members